

The Tax Cut and Jobs Act Impact on New Mexico's 2nd District

Prepared for
Rep. Steve Pearce

"The Tax Cuts and Jobs Act is a growth bill —achieving faster economic growth, encouraging job creation, and getting more money in Americans' pockets each year." —U.S. Chamber of Commerce

National Impact

The Tax Cuts and Jobs Act will —

- Lead to the creation of an additional 975,000 jobs.
- Raise after-tax income for middle class families by \$2,598.
- Generate economic growth sufficient to increase federal tax receipts by \$1 trillion.

Benefits for New Mexico

The Tax Cuts and Jobs Act will —

- Lead to the creation of an additional 5,601 jobs in New Mexico.
- Raise after-tax income for middle class families in New Mexico by \$2,132.

Benefits for the 2nd District

Larger Child Tax Credit: 49,745 taxpayers in the 2nd District claim the child tax credit. The Tax Cuts and Jobs Act increases the child tax credit from \$1,000 per child to \$1,600.

Tax Relief for Small Businesses: 36,963 taxpayers in the 2nd District have small business income (a business that the taxpayer operated). The Tax Cuts and Jobs Act reduces taxes for small business owners. First, the bill implements a new, lower 9% tax rate on the first \$75,000 of net business income for active small business owners earning less than \$150,000 through their businesses. Second, the bill lowers taxes on small business investment by creating a new 25% small business tax rate.

Elimination of the Alternative Minimum Tax (AMT): 5,205 taxpayers in the 2nd District are impacted by the AMT. The Tax Cuts and Jobs Act eliminates the AMT.

Simpler Taxes: 48,670 taxpayers in the 2nd District itemize their taxes. As a result of the near doubling of the standard deduction and other simplifications, many taxpayers will have much simpler returns. It is estimated that 9 out of 10 Americans will be able to file their taxes on a postcard.



U.S. CHAMBER OF COMMERCE

For more information <https://www.uschamber.com/tax-reform-now>

*Tax Foundation, <https://taxfoundation.org/tax-cuts-jobs-act-state-impact>

^Internal Revenue Service, <https://www.irs.gov/advocate/reports-to-congress>